

STATEMENT FOR THE RECORD

Confirmation Hearing

Deputy Director of Central Intelligence for
Community Management

July 15, 2004

Senate Select Committee on Intelligence

Chairman Roberts, Vice Chairman Rockefeller, and distinguished members of the Committee. I am honored to be here today as the President's nominee for the position of Deputy Director of Central Intelligence for Community Management. If confirmed, I will work diligently to foster a more unified Intelligence Community aimed at providing the President, the Congress, and policymakers across the government the best possible intelligence on issues affecting our country's national security.

I believe my 32 years of experience in the Community as an analyst, serving overseas, and in budget and resource positions have provided me the type of background needed to help move the Community forward. Of that experience, the past 10 years have been specifically related to Community Management. In 1994, I joined the Community Management Staff Resource Management Office that has principal responsibility for producing the annual Intelligence Community budget and presenting it to the President and the Congress. In June 2000, I became the Executive Director for Intelligence Community Affairs responsible for the entire Community Management Staff that provides strategic planning, policy formulation, resource planning, program assessment and budget oversight for the entire Intelligence Community. The DCI, approximately a year ago, delegated me the responsibilities of the Deputy Director of Central Intelligence for Community Management to keep the office functioning until a new DDCI-CM was appointed/confirmed.

The Committee requested that my prepared statement address three key areas:

- The appropriate role of the DDCI-CM in programming for and managing the activities of the Intelligence Community

- The relationship between the positions of the DDCI-CM and the Under Secretary of Defense for Intelligence (USD(I), and how the establishment of the position of USD(I) has affected the ability of the Director of Central Intelligence (DCI), through the DDCI-CM, to manage the Intelligence Community, and
- A discussion of any modifications to law or policy that I may believe are necessary to ensure that the DCI, through the DDCI-CM, can effectively and efficiently direct the activities of the Intelligence Community.

Let me address each of these areas.

Programming and Managing

The role of the DDCI-CM in programming for and managing the activities of the Intelligence Community can be stated succinctly - the DDCI-CM is the lead official for implementing the Community-wide responsibilities of the DCI. Although the National Security Act sets forth a list of duties and responsibilities for the DCI and DDCI-CM, I learned during my four years of service as the Executive Director for Intelligence Community Affairs that the DCI can most effectively shape the Intelligence Community by establishing and approving requirements and priorities and then implementing them through the programming and budget process.

Integrating the Community begins with the DDCI-CM's responsibility for implementing/overseeing the DCI's strategic direction. This requires an end-to-end process that starts with customer requirements and concludes with building the program and allocating the resources on the activities that meet the high priority needs. To achieve these objectives, the DDCI-CM organizes and operates a wide-range of Community functions, to include:

- A requirements process that ensures we know and understand what intelligence our customers want (from policymakers to the individual analyst or personnel in the field).
- Strategic and performance planning processes that provide a clear strategic vision of where we want to

go and specific, measurable performance plans to get us there.

- A policy process that promotes integration across the IC by providing clear DCI direction regarding how the Community should be organized and operated. The Director of Central Intelligence Directives (DCIDs) are the guiding principles for how the Community should function. These directives establish, inter alia, how the IC organizes its relationships with foreign governments and services, how it shares information, and how it organizes/monitors security.
- Collection and analysis evaluation and management processes that help us rationalize current IC capabilities and advance future capabilities.
- Acquisition oversight and cost estimating processes that ensure major acquisitions meet our needs at an acceptable price and on schedule; and that provide the DCI an independent view of the cost of major acquisitions because programs have historically underestimated both costs and schedule.
- Programming and budgeting process that ensures the strategy and performance plans are implemented by allocating our budget toward specific activities that support the plans. This process uses the information gleaned in the collection/analysis, acquisition, and cost estimating processes to adjust the program and budget accordingly.

To accomplish these responsibilities, the DDCI-CM must:

- Understand, from both a strategic and operational perspective, the broad range of intelligence activities across the military services, the defense agencies, CIA, FBI, State, DHS, Treasury, and DoE.
- Appreciate the distinctions in the law (the National Security Act of 1947) between national and departmental intelligence activities.

- Effectively prioritize Intelligence Community activities, capabilities, programs, and funding.
- When necessary, adjudicate matters to promote the greater welfare of the Intelligence Community over that of an individual agency.
- Actively and effectively communicate with the Program Managers, OMB/NSC, OSD, and the Congress regularly, keeping them intimately involved in Intelligence Community-wide issues.
- Manage a professional staff, of which the Assistant Directors of Central Intelligence are part, that is committed to this end-to-end team approach to Community management.

The strategic direction, planning, requirements, priorities, and evaluation processes must be in place and operating so that they can drive our programmatic and resource allocation decisions.

Most important, is the authority of the DCI in the National Security Act for "developing and presenting to the President an annual budget for the National Foreign Intelligence Program", or the NFIP. Setting funding priorities and presenting the annual NFIP budget to the President is one of the DCI's most effective tools for managing the Intelligence Community. The DCI can, with the cooperation of the Secretary of Defense, adjust the allocation of future funding requests during the annual budget and program build and I can assure the Committee that is an authority to which agency heads respond.

For budget and program development, I view the DDCI-CM's role as ensuring that the annual NFIP budget request is consistent with and implements the DCI's priorities. The DDCI-CM also is key to working with the Department of Defense, particularly the USD(I), to resolve differences over funding. Although the DCI is responsible for the NFIP budget, the majority of NFIP funding is appropriated to and expended by the Department of Defense and it is critical for the DCI to work closely with the Department and the Secretary of Defense.

The DDCI-CM (on behalf of the DCI) leads NFIP budget/program formulation and execution, with USD(I) input. Conversely, USD(I) (on behalf of the Secretary of Defense) takes the lead for the Joint Military Intelligence Program (JMIP) and the Tactical and Related Intelligence Activities (TIARA) budget/program formulation and execution, with DDCI-CM input. In practice, the Offices of the DDCI-CM and USD(I) closely cooperate to ensure a better understanding of the investments within JMIP and TIARA and between JMIP/TIARA and the NFIP.

Our first experience working with the USD(I) to formulate budget changes for the JMIP, TIARA, and NFIP was the FY 2005-2009 budget/program build. The offices of the DDCI-CM and USD(I) developed a joint programmatic strategy to address the nation's most pressing intelligence problems. This strategy, which was jointly sponsored by the DCI and the SecDef, emphasized the need for increased funding and staffing for close access collection and analysis and processing activities in the NFIP, JMIP, and TIARA. We also jointly assessed the National Reconnaissance Program's budget submission for FY 2005-2009. This resulted in direct discussions between the DCI and Secretary of Defense on overhead reconnaissance needs and priorities. Although the IC and DoD worked well together during the FY 2005-2009 budget/program build, the process concentrated primarily on the NFIP. As we prepare for the FY 2006-2011 budget/program build, I look forward to the USD(I) gaining more visibility and control over the JMIP and TIARA, which will help us better integrate those programs into the total US intelligence effort.

In addition to the budget/program build, there are other key processes the DDCI-CM uses to manage the Community, including:

- Setting NFIP performance expectations and performance measures, and taking steps to better relate the measures to budget requests.
- Identifying key system requirements and weighing information needs against the reality of constrained budgets.
- Issuing guidance and common standards to promote information sharing.
- Performing independent cost analyses to promote realistic budgeting for major NFIP acquisitions.

- Evaluating the Community's performance against the National Intelligence Priorities Framework and making necessary adjustments in the budget based on the results.

To make all of these processes work together, the DDCI-CM needs a coordinated, cooperative approach. I cannot emphasize enough how crucial teamwork across the Office of the DDCI-CM is to these various processes. We need to work together to be successful and to set the example across the Intelligence Community. To this end, I believe the DDCI-CM needs the flexibility to create and disband positions in the office as appropriate. Legislating specific positions, such as the ADCIs, to support this office does not promote flexibility.

Relationship with the USD(I)

I have already addressed the close, cooperative relationship the DDCI-CM has with the USD(I), but let me expand further on that relationship. Under the National Security Act, the DCI and DDCI-CM cannot effectively perform their intelligence functions without the direct support and cooperation of the USD(I). While the DDCI-CM is responsible for overseeing and coordinating the national intelligence responsibilities of the Defense intelligence agencies, the USD(I) has essentially the command authority over these agencies, and, of course, the funding for these agencies is appropriated to and expended by the Department of Defense. In effect, the DCI and DDCI-CM are dependent on the USD(I).

Nonetheless, there is a fundamental distinction between these two positions. The DDCI-CM has responsibilities for ensuring the intelligence activities of these defense intelligence agencies is supporting the overall foreign intelligence needs of the US government. The USD(I)'s primary responsibility is to organize defense intelligence activities to meet the unique needs of the Department of Defense. Under this arrangement, the DDCI-CM oversees the defense portion of the National Foreign Intelligence Program, and the USD(I) oversees the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities account.

That said, there does exist some overlap between the responsibilities of the DDCI-CM and the USD(I). Both provide oversight of the eight entities within the NFIP that reside in the Department of Defense—that is, the NRO, NGA, NSA, DIA, and the NFIP components of the Army, Navy, Air Force and Marine Corps.

There are also sectors of US intelligence over which only the DDCI-CM or the USD(I)—but not both—exercise oversight. For instance, activities that fall under the JMIP and the TIARA umbrellas are overseen by only the USD(I) but not by the DDCI-CM. Conversely, national intelligence functions conducted in the CIA, FBI, Departments of State, Homeland Security, Energy, and Treasury fall under the DDCI-CM's purview, and their respective Department head's purview, but not the USD(I)'s.

A complicating factor in the DDCI-CM/USD(I) relationship is that the defense intelligence agencies have two jobs, supporting the DCI's broad national intelligence responsibilities and supporting the SecDef's military responsibilities. These agencies also receive funding from two separate sources, the NFIP and JMIP, to support their intelligence activities. The majority of all of the funding for these agencies is allocated to the national, multi-departmental (NFIP) activities of these agencies, not their Defense only (JMIP) activities.

Additionally, the DCI and DDCI-CM oversee an organized programmatic activity, the NFIP, while the USD(I) oversees much less concrete programmatic institutions (the JMIP and TIARA). The NFIP is organized to be a balanced, multi-agency approach to collect, process, and analyze foreign intelligence to support intelligence needs of all portions of the US Government. Moreover, the NFIP has an overarching program manager, the DCI. The JMIP and TIARA, on the other hand, are not comparably organized. The JMIP, does not have a program manager as its head and the TIARA is not a program at all; it is an aggregation of service intelligence activities, and hence has no overarching program manager.

I view that the more the USD(I) does to rationalize and improve the functioning of the military intelligence agencies and the Services, the better for the Intelligence Community writ large. I am hopeful that the USD(I)'s efforts will provide me with additional insight and broader

participation in reviewing the JMIP and TIARA, as the National Security Act directs the DCI and DDCI-CM to do, to ensure that US intelligence is integrated across the spectrum of national, operational, and tactical intelligence.

I would like to see the USD(I) become the program manager for the JMIP, with the same oversight responsibilities and authorities for joint military intelligence that the DCI has over national intelligence. That way, intelligence that specifically addresses DoD operational needs would get the same level of attention and focus that the national systems do. This would be an important element of defense transformation.

As for the question--has the USD(I) position affected the DCI's ability to manage the Intelligence Community--of course the answer is yes. On the positive side, the creation of the USD(I) has produced a number of benefits for the Intelligence Community, not the least of which is the DDCI-CM has a clearer focal point in the DoD for all Departmental intelligence activities and needs. Simply put, this gives the DDCI-CM a "go to" person in the DoD for all intelligence-related activities. We foster this relationship by ensuring there is contact between our offices and staffs on a regular basis. With DCI Tenet, I met regularly for lunch with Secretary Rumsfeld and Under Secretary Cambone, and of course, I see the Under Secretary even more frequently on various matters. Our staffs are meeting continuously on planning, program and budget, information sharing, and collection and analysis initiatives.

At the same time, the normal degree of "tension" between the DCI's staff and DoD has increased regarding the allocation and control of limited NFIP resources. Just by the creation of the USD(I) position, a new, concentrated intelligence power base has been created in the DoD. Moreover, the SecDef has repeatedly emphasized that intelligence should be a much more potent input to the US warfighting machine, so the demands on US intelligence have certainly grown. Together, these factors increase strains between staffs which have somewhat different functions and customers.

Another area of possible tension is maintaining the programmatic independence of the defense agencies from the

policy goals of the DoD. While the USD(I) essentially manages these agencies, we all need to ensure this position does not become a "filter" for the programmatic views of the DoD intelligence agencies that report to the DCI and which are funded through the NFIP. My point is that the DCI and DDCI-CM need to hear the unvarnished views and advice of the NFIP agencies in DoD.

This is a matter that merits continued scrutiny by the DCI, the DDCI-CM, and our oversight committees in Congress. There is no question that intelligence is essential to defense transformation and that, as our forces transition to new ways of waging war, the demands placed on intelligence will grow exponentially. We must be mindful, however, that DoD demands on national intelligence can affect the Community's ability to meet the intelligence needs of the rest of our National Security customers--including the Department of Homeland Security--in years to come.

Modifications to Law and Policy

Finally, you asked that I discuss any modifications to law or policy that I believe are necessary to ensure that the DCI, through the DDCI-CM, can effectively and efficiently direct the activities of the Intelligence Community. Ultimately, the President and the Congress, on behalf of the American people, need to decide the role of the DCI. If the President and the Congress want the DCI to serve as coordinator of the Intelligence Community, then the current management authorities of the DCI are adequate. If the President and the Congress, however, want a DCI that is truly in charge of the Community--and can reasonably be held fully accountable for the Community's actions--then the DCI needs to have full control over the NFIP budget, personnel, and management. Of course, the DCI would have to continue in close consultation with the Secretary of Defense, and the DCI would have to accept accountability for meeting national-level military intelligence requirements.

One change that I believe would impair the DCI's ability to manage the IC would be to separate the head of the Intelligence Community from the CIA. It would weaken that officer's authority and capacity to lead and manage the Community. An 'intelligence czar' stripped of any real base of personnel and funds would be a czar in name only.

As for the DCI's role in managing the NFIP, if the President and the Congress want a DCI that is truly in charge of the Intelligence Community, the DCI must have authority and control over the execution of all National Foreign Intelligence Program (NFIP) funds and the management of all NFIP personnel. That may well entail directly appropriating all NFIP funds to the DCI in a separate, independent appropriation account. It definitely would entail giving the DCI the overall authority to direct and manage execution-year obligation, expenditure, transfer, and reprogramming of all NFIP funds, and to deploy all NFIP personnel (subject, of course, to Congress' power of the purse and the appropriations laws). Any such budget execution authority that might be given to the DCI would need to include final authority over IC elements' acquisitions and procurements, including milestone decision authority where applicable.

Other related, more particular legislative changes, that any IC reform proposal should carefully consider include provisions for DCI appointment of or concurrence in the appointments of the heads of all IC elements, and for expressly vesting the CIA General Counsel and the CIA Inspector General with Community-wide, as well as Agency-specific, authorities and responsibilities.

A more empowered DCI would also make it easier to alter the managerial and organizational structure of the Intelligence Community to foster a more unified and effective intelligence enterprise. While I will not go into detail in this statement, I am on the record as supporting a mission-related orientation for the Community.

Specifically, I have proposed the IC refocus its management and organizational structure toward substantive national security missions. Today the IC focuses on how it collects and analyzes intelligence. As you know, the Community is primarily organized by collection and analytic agencies. We are not organized by mission. We all know who is in charge of SIGINT, but it is not so obvious as to who is in charge of terrorism or activities against China. I believe the existing managerial and organizational emphasis limits our ability to effectively deal with today's diverse national security problems. This arrangement worked during the Cold War when we had

essentially only one mission, going against the Soviet Union. Today, we have many, and more complex, missions.

Any major structural changes would have effects on and implications for the roles and responsibilities of other US Government officials and entities. Adjustments to the structure of Congressional oversight committees as well as Executive Branch oversight (OMB) should also be considered if the country were to move toward a more unified and centralized intelligence enterprise.

As Congress and the President weigh IC reform, the Hippocratic injunction, "First, do no harm" should be heeded. Proposals that would add new layers of bureaucracy, unduly proliferate political appointee positions in the IC, or lock in by law the IC management structure in detail at levels too far down from the DCI, should be resisted. The DCI does not and should not create or advocate policy, and it is crucial that the DCI remain--and be seen to remain--apolitical, objective, and neutral. Whether a fixed term for the DCI would further that purpose merits a close look. Finally, it is critical that we properly balance the need for sufficient IC positions with enough stature and clout to be effective, with the need for the President and the DCI to be able to make organizational adjustments to respond quickly and adroitly to crises or other sudden developments.